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USSR Report

INTERNATIONAL ECONOMIC RELATIONS

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[Article by O. Cherkovets: "The Increase of the Role of Foreign Economic Relations in the Activity of the Production Associations and Enterprises in the European CEMA Member Countries"; passages rendered in all capital letters printed in italics in source]

[Text] In a speech at the June (1983) CPSU Central Committee Plenum Comrade Yu. V. Andropov named as the foremost direction in the international activity of the Communist Party and the Soviet state the strengthening of the cooperation and unity of the socialist countries.[1] The states of the socialist community have gained extensive experience in the building and development of the new society with allowance made for the entire set of national peculiarities and have already covered a considerable distance, by implementing economic integration, which "in the future... will become more and more thorough, comprehensive and effective, reliably ensuring the strengthening of the national economies of the member countries."[2] Integration also presumes the extensive sharing of experience, especially of the construction and functioning of the economic mechanism.

The increase of the quality of the activity of primary economic units, first of all production associations and enterprises, is the most important task in the overall improvement of the economy. The November (1983) CPSU Central Committee Plenum also devoted attention to the question of the broadening of their independence in combination with greater responsibility and recommended that the experience of the fraternal countries be taken into account.[3] This thesis is based on the documents of the 26th congress of our party, in which the experience of the European CEMA member countries, which have made significant gains in the building of the economy as a whole, was discussed.[4] In particular, such gains also exist in the choice of the specific forms and methods of the changeover of the economy to the path of primarily intensive development. The steps, which were taken in these countries on the improvement of the economic mechanism and the management of the economy, were also aimed at the broadening of the economic independence of economic organizations and the strengthening of their role in the matter of increasing the efficiency of the national economy. In this connection the increasing importance of foreign economic relations in the total volume of the economic activity of production associations and enterprises in the countries of the socialist community and the increase of the role of the foreign economic factor in the evaluation of this activity are arousing

considerable interest. At the basis of such changes are the intensification of the international specialization and cooperation of production and broadening scientific and technical cooperation. Here foreign trade remains the main form of foreign economic relations, since in the end not only the basic extent of such relations, but also a significant and steadily increasing portion of the national income of the European CEMA member countries are realized through it. Beginning with the 1960's, and especially during the 1970's foreign trade was the most dynamically developing sector of the national economy of the fraternal countries. Thus, during 1970-1981 alone the amount of produced national income increased in Bulgaria by 2-fold, the volume of industrial production--2.[illegible]-fold, while the volume of the foreign trade turnover--4.42-fold; in Hungary--respectively 1.66-, 1.65- and 4.21-fold; in the GDR--1.67-, 1.82- and 3.36-fold; in the CSSR--1.56-, 1.77- and 3.23-fold.[5] In value terms the volume of the foreign trade turnover during this period increased (in prices of the corresponding years, in rubles): in Bulgaria--from 3,452,000,000 to 15,245,000,000; in Hungary--fro, 4,303,000,000 to 22,672,000,000; in the GDR--from 8,479,000,000 to 28,464,000,000; in the CSSR--from 6,739,000,000 to 21,746,000,000.[6]

In the middle of the 1960's the implementation of measures on the improvement of the economic mechanism, which are frequently called economic reforms, were begun one way or another in all the European CEMA member countries. During them, in particular, substantial changes were made in the methods of managing foreign economic activity.[7] Previously foreign trade was conducted only by specialized organizations which had the exclusive right of access to international markets. These enterprises were completely subordinate to the Ministry of Foreign Trade; only it implemented state foreign trade policy, regulating exports and imports. The functions of the sphere of production in case of such a procedure of interstate economic relations ended with deliveries of export products to foreign trade organizations (at domestic wholesale prices). Under such conditions the material interest and responsibility of production associations and enterprises for the output of products of high "export" quality and for the results of their sale on the foreign market were completely absent. All the revenue from the latter was paid entirely to the state budget.

The changes, which were made in the process of the reforms in the status of various production management units, strengthened the link of industrial production with the foreign market. To begin with, a certain revision of the traditional views of the essence of the state monopoly on foreign economic relations, and first of all foreign trade, was the basis for these changes.

The monopoly of the socialist state on the conducting of foreign economic activity, as is known, originates with the establishment of public ownership of the means of production and the organization of social production on a planned basis. It signifies the exclusive right of the socialist state to the conducting of foreign trade and other foreign economic operations in conformity with national interests, on the basis of a uniform plan. The state monopoly on foreign economic relations accomplishes the task of safeguarding national economic interests in the sphere of economic relations of the socialist state with the outside world, including with the capitalist states.

In case of the organization of foreign economic relations with the fraternal socialist countries the monopoly on foreign economic relations is aimed at the realization of the advantages which follow from the systematic nature of the development of the socialist economy in each of these countries and to a greater and greater extent on the scale of the entire socialist community. The mutual economic relations should be advantageous as possible both for each country participating in them and for the entire socialist community as a whole. In the relations with capitalist countries the monopoly on foreign economic relations performs the function of protecting the national economy, which is being developed according to plan, from the influence of the negative factors of the international capitalist market--the lack of planning, production anarchy and a fierce competitive struggle, which is turning into commercial and economic expansion.[8] At the same time one should, of course, bear in mind that the principle of the reciprocity of trade relations is also in effect in the commercial and economic interrelations of the socialist world with the capitalist world.

From what has been said it follows that the functions of the foreign trade monopoly are different with respect to the capitalist countries and the socialist countries. The forms, in which it is realized, are accordingly also different. Given all this, the concept "the monopoly of the socialist state on foreign trade" has a specific uniform content. O. T. Bogomolov, in our opinion, aptly formulates it. He writes: "The monopoly to foreign economic relations signifies the systematic accomplishment of all trade, currency and other economic operations with foreign countries through specially authorized state organizations under complete state control. The state itself implements these relations, MOREOVER, NOT ONLY SPECIAL FOREIGN ECONOMIC DEPARTMENTS, BUT ALSO INDIVIDUAL MINISTRIES, INDUSTRIAL ASSOCIATIONS AND ENTERPRISES CAN HAVE THE CORRESPCNDING POWERS."[9]

The present stage of the increase of productive forces, the intensification of the international division of labor and the favorable opportunities for the development of the economy of the socialist countries on the basis of mutually advantageous cooperation with all countries, regardless of their social system and political system, require a different approach than before to the elaboration of the most effective specific forms of relations between production and the foreign market. On this market, strictly speaking, not only the quality of the export products being produced, but to a certain extent also the level of the organization of production as a whole and its conformity to present requirements receive evaluation. At present the industrial ministries, and especially the economic organizations in the industry of the European CEMA member countries, have begun to play a very active role in the conducting of foreign economic activity. O. Bakovetskiy, in our opinion, correctly specifies the main trend which reflects the indicated process: "the organizational combination of specialized foreign trade enterprises with the corresponding production associations and enterprises" is occurring.[10]

The indicated combination can occur in the most different forms. Here it is important to note that the larger the number of units which are turned into DIRECT participants in foreign economic relations and the more intensively the process of economic integration is developed, the more necessary the FLEXIBLE STATE-WIDE, CENTRALIZED MANAGEMENT of the entire set of foreign economic relations

becomes. The need for a systematic nature of the development of foreign economic relations and for the planned coordination of foreign economic activity with all the sectors of the national economy, which is specified by a single economic center, is not decreasing in the least. Under these conditions the mechanism of the mutual responsibility of production and foreign trade organizations, the sectorial ministries and departments and the Ministry of Trade operates; the entire set of foreign economic relations is controlled efficiently, without superfluous intermediate units, by the highest organs of government of the socialist states.

IN THE GERMAN DEMOCRATIC REPUBLIC combines have presently become the basic form of large production management organizations. The general management of the combine of central subordination is under the direct jurisdiction of the corresponding ministry; the number of such combines increased sharply at the turn between the 1970's and 1980's, at present there are about 160 of them. Moreover, there are also combines of district subordination.

The combines are the main link of the process of socialist expanded reproduction as a whole, not only conforming fully to the basic trend of the socialist socialization of production, but in practice also uniting in this process scientific research, the preparatory cycle, the direct production of products and their sale on both the domestic and foreign market.[11]

At the same time the decrease of the number of existing foreign trade enterprises, the consolidation and at the same time the improvement of the specialization of foreign trade enterprises, which at one time were exclusively subordinate to the Ministry for Foreign Trade, have occurred in the GDR. At present on the foreign market a specific type of product is sold primarily by one foreign trade enterprise which is dually subordinate--to the GDR Ministry for Foreign Trade and the combine. Since early 1982 the Ministry for Foreign Trade has maintained under direct jurisdiction only two specialized enterprises, having concentrated its basic activity with respect to the monitoring of the observance of the state monopoly on foreign trade on the centralized, systematic and at the same time flexible licensing of the importing and exporting of goods within the framework of the entire national economy. The current activity on the implementation of state foreign economic policy has been assigned to the foreign trade organizations of dual subordination. They operate on the basis of complete cost accounting, while the result of their work is included in the result of the economic activity of the combine along with the indicators of the production of net output, the total volume of sold commodity production, the consumption of basic materials per 100 marks of commodity production, the increase of the profit and the increase of labor productivity. A number of foreign trade enterprises are dually subordinate at the level not of the combine, but of the sector: the Ministry for Foreign Trade and the corresponding sectorial ministry. The right to independent foreign economic activity, which is carried out through their own marketing departments and administrations, has been granted to six large combines of the GDR, the products of which have the best qualitative characteristics and find free and quick sale on the world market (among them, for example, is the world famous Karl Zeiss JENA combine). This activity is carried out within the framework specified by the state plan.

IN THE CZECHOSLOVAK SOCIALIST REPUBLIC such a very unique form of the combination of industrial production with foreign trade as corporations has become widespread. They are managed by the Federal Ministry of Foreign Trade, but organize all their activity on the basis of the assets invested by stockholders on mutually agreed terms. Among the stockholders there are first of all industrial associations, as well as foreign trade enterprises and the foreign trade bank. The Federal Ministry of Foreign Trade monitors the meeting of both the mutual interests of the production associations and enterprises and specialized foreign trade organizations, which act as commission agents on the basis of the principles of complete self-sufficiency, and the interests of the entire national economy as a whole.

In addition to active participation in the corporations the production management units of the CSSR are oriented toward the accomplishment of comprehensive foreign trade assignments, which are designed for the high quality of the work of all the links which participate in the organization of production and the sale of products. The CSSR Federal Ministry of Finance and Federal Ministry of Foreign Trade adopted in September 1980 the decree "On the Interest in Currency in Case of the Exporting and Importing of Goods, Invested Deliveries of Complete Sets, the Conclusion of Active License Agreements and Agreements Similar to Them, the Rendering of Services in the Country of the Customer,"[12] which took effect on 1 January 1981. The interest of production management units in obtaining currency is, in essence, a fundamental component of cost accounting. Central organs give the production management units a specific portion of the above-plan currency receipts, which can be used by the latter for the purchase of necessary equipment, the giving of incentives to the workers who have distinguished themselves in the organization of production engineering conditions for the exceeding of the currency plan, for cultural and personal needs along the lines of the trade union of the enterprise. All these measures are implemented on the basis of established criteria and standards, with efficient monitoring on the part of the CSSR State Bank and the Commercial Bank, which act as guarantors of the exercise of the currency monopoly of the state as a component of the monopoly on foreign economic relations.

Let us note that the indicated measures of stimulation have already been used in part in the economic practice of the socialist countries. Thus, in accordance with the decisions of the March (1978) Plenum of the Central Committee of the Romanian Communist Party for the purposes of increasing the interest of production enterprises in the fulfillment and exceeding of the plan of exports they are granted up to 25 percent of the currency receipts which have been obtained by the above-plan sale of products (at the approved prices).[13] The indicated assets are spent by the enterprises (within the established standards) on the importing of the latest equipment, the introduction of advanced technology, the organization of tours abroad for members of the collective and so on.

Within the framework of the measures on the overall improvement of the economic mechanism and the elaboration of the optimum structure of the management of economic organizations, which are being implemented at present in the PEOPLE'S REPUBLIC OF BULGARIA, much attention is being devoted to the setting up of highly profitable production, which would meet with identical efficiency the needs of both the national economy of the country and the foreign market. In

conformity with this following the economic organizations of the production sphere all the enterprises and organizations in the system of the Ministry of Foreign Trade were converted to complete cost accounting. The latter carry out their activity exclusively on a commission basis, by organizing measures on the study of markets and the choice of partners for industrial combines and economic organizations, and sell their products on the basis of concluded agreements.

The economic organizations in the sphere of production are under such conditions the direct vehicles of state foreign trade policy. Within the framework of its implementation they are accountable for the results of their activity with respect to the following indicators: the export of basic types of products in physical terms; currency receipts by individual regions (separately from socialist, capitalist and developing countries); the use of the limit of currency assets which are released for imports from nonsocialist countries, which require expenditures of convertible currency.

The indicated indicators are a component of the system of indicators of the general economic activity of the economic organizations of Bulgaria, along with such indicators as the sale of the basic types of products in physical terms (the final product); the profit; the measures on the introduction of the achievements of technical progress and environmental protection; the limits on the expenditures of the basic types of raw materials, energy and fuel.[14]

In Bulgaria measures of the economic stimulation of the active export activity of economic organizations are envisaged. Their currency fund is formed from the following sources: 1 percent of the current currency receipts; 50 percent of the above-plan currency receipts; currency assets from state funds, which are necessary for the achievement of the goals set by the plan, in accordance with the limit of assets for imports from nonsocialist countries.[15] The above-plan currency receipts are intended for the purchase of imported equipment, the modernization of production, the organization of the sharing of advanced know-how and the stimulation of the members of the abor collective.

The measures on the improvement of the economic mechanism, which have been implemented in the HUNGARIAN PEOPLE'S REPUBLIC since 1968, are also of a complex nature and encompass the sphere of foreign economic relations. Deputy Premier of the Hungarian Council of Ministers and Hungarian Permanent Representative to CEMA J. Marjai notes in this regard: "Only the comprehensive introduction of new demands with respect to the key elements of the economic mechanism (prices, exchange rates, the regulation of wages and the revenues of enterprises, credit policy, the system of subsidies, economy everywhere) will have the result that enterprises would become interested in efficient foreign economic activity."[16]

According to the concept used in Hungary, the income of the collective, which is formed, distributed and used in case of state regulation through the system of financial and credit standards, is the basic criterion and stimulus of the activity of production associations and enterprises. The goal of such standard regulation is the most efficient combination of the interests of the entire national economy, individual associations and enterprises.[17] One of the components of the income of the latter is the result of their foreign economic

activity, which is carried out both by the production units themselves, which have received the right to independent export-import activity (by the early 1980's there were about 70 of them, including the well-known MEDICOR combine, up to 80 percent of the products of which are for export and enjoy world recognition), and on the basis of commission agreements, which are concluded with specialized foreign trade enterprises. Here the production organizations have the right to choose from among these enterprises a partner, the source of whose income is the effective and profitable sale of domestic products on foreign markets.

The functions of the monitoring of the observance of state interests in the sphere of foreign economic relations, their coordination and the specification of the strategic tasks of development, as well as the management of specialized foreign trade organizations have been assigned to the Hungarian Ministry of Foreign Trade.

The experience of the fraternal countries of the socialist community shows that different forms of the organization of foreign economic relations in case of the state monopoly on them are being used in practice by them. Here the tasks of industrial associations and enterprises on the implementation of foreign economic relations are differentiated subject to with whom these relations are carried out: with fraternal socialist countries or with the nonsocialist world. The foreign economic relations between the countries of the socialist community are carried out on the basis of the common goals which are posed by the Comprehensive Program of the Further Intensification and Improvement of Cooperation and the Development of the Socialist Economic Integration of the CEMA Member Countries. The content and principles of the direct (immediate) economic relations between the sectorial ministries, production associations, enterprises and organizations of the USSR and the other socialist countries, which belong to CEMA, are specified in the Comprehensive Program for the purpose of the most efficient and rational use of mutual potentials at all levels of management.[18]

The direct (immediate) relations are components of the all-round economic cooperation of the CEMA member countries. As O. A. Chukanov correctly notes, "...the direct relations of production associations and enterprises are called upon not to replace, but to augment the cooperation of the central organs of economic management of the CEMA countries. THEY WILL BE CARRIED OUT WITHIN THE FRAMEWORK OF JOINT PLANNING ACTIVITY UNDER THE CONTROL OF THE CENTRAL PLANNING ORGANS AND MINISTRIES OF FOREIGN TRADE AND UNDOUBTEDLY WILL AFFORD EVEN GREATER SCOPE FOR THE IMPROVEMENT OF PRODUCTION COOPERATION."[19]

It should be borne in mind that qualitative changes in the sphere of foreign economic relations and the greater integration of foreign economic relations into a coordinated economic and structural policy of the CEMA member countries are necessary for the all-round intensification of international socialist production activity, for the creation of a highly developed sectorial structure of the national economies of the fraternal countries, which is fully capable of serving mutual interests. In the opinion of Yu. S. Shirayev, this applies to the greatest extent to such a dynamically developing sector of foreign economic relations as the international specialization and cooperation of production;[20] at this stage it is capable of best combining the economic and production engineering interests of the sectorial ministries, departments and industrial

enterprises of the CEMA member countries and of serving as a kind of "bridge" to the subsequent, even higher stages of the integration of the national economies of the fraternal countries. The direct relations of production associations and enterprises, acting as an effective tool of the international specialization and cooperation of production of the fraternal countries, on the one hand, have under them a solid base in the form of the efficient foreign economic activity of economic organizations of the production sphere and, on the other, promote the all-round introduction of the comprehensive approach to the accomplishment of the tasks of the changeover of the socialist economy to the primarily intensive means of development.

FOOTNOTES

1. See "Materialy Plenuma Tsentral'nogo Komiteta KPSS 14-15 i[illegible] 1983 goda" [Materials of the CPSU Central Committee Plenum of 14-15 June 1983], Moscow, 1983, p 20.

2. Ibid., p 22.

3. See "Materialy Plenuma Tsentral'nogo Komiteta KPSS 22 noyabrya 1982 goda" [Materials of the CPSU Central Committee Plenum of 22 November 1982], Moscow, 1983, pp 8-9.

4. See "Material XXVI s"yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, 1981, p 7.

5. See "Statisticheskiy yezhegodnik stran-chlenov Soveta Ekonomicheskoy Vzaimopomoshchi" [Statistical Yearbook of the Member Countries of the Council for Mutual Economic Assistance], Moscow, 1982, pp 39, 55, 310.

6. Ibid., p 309.

7. See I. A. Avdeyeva, O. D. Bakovetskiy, "The Management of Foreign Economic Relations in the CEMA Countries," EKONOMIKA I ORGANIZATSIYA PROMYSHLENNOGO PROIZVODSTVA, No 12, 1979, p 142.

8. See V. I. Lenin, "Poln. sobr. soch." [Complete Works], Vol 35, pp 123-124, 429; Vol 3, p 183; Vol 45, pp 188, 221, 335.

9. O. T. Bogomolov, "Strany sotsializma v mezhdunarodnom razdelenii truda" [The Socialist Countries in the International Division of Labor], Moscow, 1980, p 191 (the italics are ours--O. Ch.).

10. O. Bakovetskiy, "The Management of Foreign Economic Relations in the European CEMA Countries," VOPROSY EKONOMIKI, No 5, 1981, p 107.

11. See G. Mittag, "Kombinate im Kampf um die Durchfuhrung der okonomischen Strategie des X Parteitages," Berling, 1981, p 542.

12. See HOSPODARSKE NOVINY, No 14, 1981, appendix.

13. See SCINTEIA, 24 March 1978.

14. See RABOTNICHESKO DELO, 15 January 1982.

15. See Kh. Kirov, "On the New Economic Mechanism in Bulgaria," VOPROSY EKONOMIKI, No 5, 1983, p 125.

16. GAZDASAG, No 2, 1979.

17. See on this I. A. Avdeyeva, O. D. Bakovetskiy, "Problemy upravleniya eksportnoy deyatel'nost'yu v yevropeyskikh stranakh SEV" [Problems of the Management of Export Activity in the European CEMA Countries], Moscow, 1981, pp 135-137; L. P. Yevstigneyeva, R. N. Yevstigneyev, "Sotsialisticheskiy khozyaystvennyy mekhanizm: zakonomernosti razvitiya" [The Socialist Economic Mechanism: The Laws of Development], Moscow, 1981, pp 252-255; V. P. Klavdiyenko, "The Present Stage of the Improvement of the Economic Mechanism in Hungary," VESTNIK MGU. EKONOMIKA, No 2, 1982, pp 59-63.

18. The provisions on direct (immediate) international economic relations, which are contained in the Comprehensive Program, are a significant step forward in the elaboration of the theory of the international specialization and cooperation of production of the CEMA member countries. These relations should be aimed first of all at the sharing of information on the state of affairs in scientific and technical, production and trade activity, in the organization of the planning of production and its management, on the experience in these areas and the views on their further development. The importance for the improvement of direct relations of the drafting of plan-proposals on the development of scientific, technical and economic cooperation, cooperation in the area of scientific research and planning and design work, capital investments, the specialization and cooperation of production, in the use of production capacities, as well as in the development and use of modern technological processes, standardization and unification, in the area of services and so on is indicated in the Comprehensive Program (see "Kompleksnaya programma dal'neyshego uglubleniya i sovershenstvovaniya sotrudnichestva i razvitiya sotsialisticheskoy ekonomicheskoy integratsii stran-chlenov SEV" [The Comprehensive Program of the Further Intensification and Improvement of Cooperation and the Development of the Socialist Economic Integration of the CEMA Member Countries], Moscow, 1971, pp 58-60).

19. O. Chukanov, "Integration as a Factor of the Intensification of the Economy of the CEMA Countries," KOMMUNIST, No 17, 1982, p 111 (the italics are ours--O. Ch.).

20. See "Mezhdunarodnaya spetsializatsiya i kooperirovaniye proizvodstva stran SEV" [The International Specialization and Cooperation of Production of the CEMA Countries], edited by Corresponding Member of the USSR Academy of Sciences Yu. S. Shirayev, Moscow, 1982, p 4.

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SOVIET, CEMA EXHIBITS AT 'SCIENCE-83' HIGHLIGHTED

Moscow FOREIGN TRADE in English No 12, Dec 83 pp 28-30

[Article by Yuri Drozdovsky]

[Text] The 3rd International Exhibition—Devices for Scientific Research, Science-83, was held in the pavilions of the Sokolniki park and Krasnaya Presnya Exhibition complexes in Moscow, September 1983. This was one of the large international exhibitions organized by the USSR Chamber of Commerce and Industry and the All-Union Association Expocentr in our country in 1983. Over 400 firms, enterprises and organizations from twenty countries and West Berlin demonstrated their latest achievements in instrument engineering and scientific research.

The exhibition widely displayed research apparatus and instruments manufactured at enterprises and organizations in the USSR, the GDR, Czechoslovakia, Hungary, Poland, almost all West European countries, Japan and the USA.

"Science in the service of man"—was the motto of the exhibition, symbolizing its peaceful purpose and stressing the importance of science in developing productive forces and improving the people's well-being. This idea was expressed at the press conference held before the opening of the exhibition, at which A.P. Alexandrov, President of the USSR Academy of Sciences, spoke. He emphasized that the exchange of information and experience opens new possibilities and assists the scientific and technical progress of all countries.

Two previous international exhibitions, Devices for Scientific Research, were held in the USSR in 1980 and 1982 (in Alma-Ata and Kiev). The exhibition Science-83 differs from the earlier ones by its larger scale and wider range of subjects, embracing many areas of scientific research. Here are a few of the subject sections of the exhibition: various purpose radio-electronic equipment; computers, computer technology and the automation of research activities; apparatus for solid-state and nuclear physics; instruments for medicine and microbiology, those for diagnostics, control and monitoring of environmental pollution; technological equipment, in particular, for growing crystals; industrial equip-

ment for automating small-batch production of instruments which includes machine tools with numerical programme control and industrial robots.

The Soviet Union was the largest participant in the exhibition, its exposition included 700 various types of equipment used for research in many spheres—from agriculture to space. The Soviet exposition represented the USSR Academy of Sciences and its branches, twelve ministries and departments, enterprises and research institutes.

In one of the major sections of the Soviet exposition (radio-electronic apparatus) over 500 items, used almost in all areas of research were on show; electronic oscillographs and voltmeters, fibre-optic devices, instruments for quantum electronics and high-energy physics. Of great interest for specialists were models of instruments for astrophysical research carried out from space ships: the BTS-1M onboard sub-millimetre telescope and a gamma-telescope for the Salyut-6 piloted orbital station, etc.

Another section in the USSR exposition showed apparatus for nuclear physics, in particular, charged-particle accelerators, research atomic reactors, control instruments, etc.

Visitors' attention was drawn to Soviet instruments and facilities used in medicine and microbiology, chemical and geophysical researches, an automated system for forecasting earthquakes, and other up-to-date equipment.

The CMEA member-countries were widely represented at the exhibition.

The GDR stands displayed products manufactured at the Carl Zeiss Jena, Robotron, Glas Keramik and other enterprises, such as: microscopes, physico-optical analytical measuring instruments, laser, electro-chemical and other equipment.

The Carl Zeiss Jena enterprise is the GDR's largest exporter of scientific instruments and apparatus. More than 50 per cent of this enterprise's products are exported to the USSR. Under the CMEA member-countries' agreements on specialization and cooperation in production Carl Zeiss Jena manufactures technological equipment for the electronic industry, measuring instruments and computer facilities.

Carl Zeiss Jena's stand exhibited a scanning X-ray spectrometer jointly designed by specialists of this enterprise, the Leningrad Burevestnik association and the Oryol Nauchpribor association.

A wide range of research instruments and equipment was on show at Hungary's exposition. Eleven Hungarian enterprises and research organizations demonstrated their achievements.

The Hungarian exposition as well as those of other CMEA member-countries is a striking illustration of fruitful scientific and technical cooperation and specialization between fraternal countries in designing and manufacturing electronic and computer facilities and making scientific instruments.

Thus, of great interest for specialists was the Janus professional personal computer demonstrated by the Central Physics Research Institute under the Hungarian Academy of Sciences which was capable of solving several problems simultaneously with the

same hardware and software and assuring communication between similar and different computers and data banks.

The Janus computer is a result of Soviet-Hungarian cooperation; its major part is manufactured in the Soviet Union and supplied to Hungary.

The Hungarian institute coordinating computer facilities showed the latest Proper-16 computers, the programmes for which are designed on the basis of the CMEA member-countries' cooperation.

The Hungarian Videoton enterprise was the largest exhibitor of computer facilities in the Hungarian exposition. The main purchaser of Videoton's products is the Soviet Union. Small computers and alpha-numeric devices made at the Videoton enterprise are being successfully used in our country.

The Labor MIM enterprise, a traditional partner of Mashpriborintorg, is a large supplier of laboratory equipment to the USSR. Stationary and mobile laboratories for grain analysis, for poultry farms as well as medical laboratories supplied by this enterprise are being put to good use in our country. The Infrapid-61 instant fodder quality analyzer is one of many new equipment items displayed by the Labor MIM enterprise.

From the capitalist countries the largest collective expositions showing a wide range of instruments, apparatus and equipment were put on by firms in the FRG, Great Britain, France, Finland, Japan, Switzerland, Austria, etc.

Thus the FRG united exposition demonstrated instruments made by more than 50 West German firms and enterprises.

Specialists evinced interest in the radio-electronic instruments for generating, measuring and recording signals, data collection and processing systems, for automatic design and control and also other instrumentation and equipment displayed at the FRG exposition.

In addition to the collective expositions many firms from the FRG, Great Britain and other countries had their own independent stands.

During the exhibition a symposium was held; Soviet and foreign scientists and specialists delivered 79 reports covering a wide scope of scientific and technical problems. About 300,000 people including 200,000 specialists, visited the exhibition.

A commercial centre with experts from the Soviet foreign trade associations Mashpriborintorg, Technointorg, Licensintorg, Technopromimport, Sudoimport, Electronorgtechnica, Medexport, Techsnabexport, Avtopromimport, etc. was functioning at the exhibition. In the course of talks held between representatives of Soviet foreign trade associations and foreign firms contracts were signed and a number of understandings on expanding further trade, economic, scientific and technical cooperation reached. The contracts signed at the exhibition are worth 28 million rubles.

The foreign trade association Mashpriborintorg concluded a contract with the Polish foreign trade enterprise Labimex on delivery of complete laboratory equipment to the Soviet Union. The Polish People's Republic in 1984 will supply the USSR with mobile laboratories for making analyses of soils, fod-

ders, agricultural produce and water. Deliveries of laboratory equipment for agriculture from the socialist community countries will promote the fulfilment of tasks envisaged by the USSR Food Programme.

Science-83 was an exhibition of great interest for specialists and the general public which illustrated wide possibilities for the further development of mutually beneficial international cooperation in this sphere in the interests of peace and progress.

CSO: 1812/83

USSR, CEMA, LIMITED WESTERN COOPERATION WITH LDC'S SUMMARIZED

Moscow FOREIGN TRADE in English No 12, Dec 83 pp 14-16

[Article by Anatoli Manenok]

[Text]

A book entitled *Economic Integration of Socialist Countries. CMEA and World Economy* was published in Spanish by the Colombian Publishing House, Librerla del Profesional, in early 1983.* Its author, Carlos Muñiz Ortega, a well-known Peruvian economist, has worked at the Peruvian Embassy in the USSR for a long time. Since 1970 he has occupied the following posts: trade attaché, attaché on economic affairs and now counsellor on economic affairs of the embassy. The author's articles are often published in the Soviet and Latin American press. He has participated in various international economic meetings as a Peruvian delegation member.

The book (circulation 10,000 copies) is in great demand in Latin America. It reflects these countries' strong desire to know more about socialist integration, since practically in every economic field of Latin American countries one can feel the influence of the tendency towards internationalization of economic activities—a characteristic feature of the present-day economic development. Latin American countries' combined efforts to overcome economic fragmentation have become an important factor of their further economic development, influencing ever more strongly their economic relations and external trade. Integration and cooperation between the Latin American countries continue "to remain a basic component of the strategy aimed at achieving their more adequate incorporation in the world economy as well as strengthening the internal development of the region's countries", *External Relations of Latin America in the 1980s*, a fundamental research publication prepared by the UN Economic Commission for Latin America points out.

A number of regional and sub-regional economic organizations, like the Latin American Organization for Integration, the Latin American Economic System, the Andes Pact, the Central American Common Market, the Caribbean Common Market and others have appeared in Latin America of late. Other regions' integration activities experience is very important for these countries.

The book under review consists of eight chapters containing factual material on the history of the foundation of the Council for Mutual Economic Assistance and this organization's role in strengthening CMEA member-countries' economies and in the development of international trade. The CMEA's basic organizational principles, its structure, including scientific, technical and financial organizations; the CMEA's interrelations with Yugoslavia, which participates in the activities of a number of CMEA bodies, and with the countries maintaining cooperation agreements with the CMEA (Finland, Mexico, Iraq); CMEA contacts with international economic organizations and such Latin American organizations as Latin American Economic System and the Andes Pact, are outlined in the book. The book also offers detailed statistical information on the CMEA member-countries' economic development and foreign trade over the past few years.

The author convincingly shows that the socialist community is growing ever stronger, demonstrating tremendous economic and social potential and that CMEA activities represent international economic relations of a new type.

At the same time the book is not free of certain shortcomings. For instance, the author does not examine in sufficient detail

the long-term specific programmes of cooperation which map out strategic guidelines for the CMEA countries' economic, scientific and technical development on the basis of the cooperation results already achieved.

More detailed examination of the CMEA's practical activity in the field of economic integration would have been to the book's credit.

The current decade will become a period of the CMEA countries' intensive production, scientific and technical cooperation and the further deepening of the international socialist division of labour. In this connection such measures as complementing the coordination of plans by synchronizing economic policy as a whole, developing direct ties between ministries, associations and enterprises participating in cooperation, increasing the number of joint firms, etc. are singled out by the author. Carlos Muñiz Ortega calls for a study and generalization of the CMEA countries' many-sided economic cooperation. The possibility of utilising to a certain extent the experience gained by the CMEA countries in the realities of Latin American integration is not the only positive aspect of the book. It enables Latin American readers to comprehend more profoundly the prospects of cooperation and of social and economic development which the socialist organization of economy offers to the people.

The author's following words would be an appropriate conclusion of this review:

"The CMEA's history, known so little in the West, especially in the Latin American countries, the history of accumulating unprecedented experience in international relations is ushering in a new era, when peace all over the world and cooperation among all nations can be safely guaranteed".

Anatoli Manenok

• Carlos Muñiz Ortega. *La integración económica de los países socialistas. El CAME en la economía mundial.* Ediciones Librería del Profesional, Bogotá D.E., Colombia.

CSO: 1812/83

SPANISH-LANGUAGE BOOK ON CEMA INTEGRATION REVIEWED

Moscow FOREIGN TRADE in English No 12, Dec 83 p 38

[Article by Andrei Vlasov]

[Text]

The trade and economic cooperation between socialist and developing nations is an essential component of the system of present-day international relations.

Based on the principles of equality and mutual benefit, this cooperation is conducive to the economic progress of the newly liberated nations and their stronger positions on the world market, making them less dependent on former parent states and enabling them to exercise sovereignty over their national natural resources and the right to choose their own mode of social development. By extending their economic links with the young states of Asia, Africa and Latin America the socialist community countries expand the possibilities of making fuller use of the benefits of the international division of labour for higher efficiency of social production.

The cooperation between CMEA and the developing nations has assumed various forms in the past two and a half decades. Apart from the traditional forms (barter exchange, assistance in project construction, geological prospecting and irrigation development, state and commercial crediting, training of skilled labour and transfer of know-how and technology) the 1970s witnessed increasingly broader production and multilateral economic cooperation.

The spreading of new forms of economic relationships between the two groups of states is explained, in the first place, by the increased economic potential

of the partners and the mutual desire to heighten the effectiveness of their cooperation. Cooperated manufacture as a new form of the international division of labour stimulates dynamic growth of trade between the two groups of countries and reduces its dependence on the changing world market situation.

The types of cooperated production these countries use most often are: joint manufacture, contract-based cooperation and joint ventures.

Joint manufacture is the production of certain components or parts of a machine by both partners which is later assembled, as a rule, by one of the sides. The final product bears the trade-mark of the partner and is put on sale in the producer or third country.

For example, Hungary assists Argentina in manufacturing spare parts for locomotives partially based on Hungarian-made completing components. Colombia uses Polish-made sub-assemblies and parts for the Fiat car it manufactures. The Soviet Union supplies India with components for the manufacture of certain types of energy-generating equipment.

Contract-based cooperation implies that a party to a contract undertakes on the order of the other side to do a certain job within agreed upon deadlines, volumes, quality standards, etc. India, for example, delivers on these terms certain types of shipping equipment to the GDR and electronic components to the Soviet Union.

Another form of production cooperation—joint ventures (enterprises, companies) in various industries—began to gain ground in some CMEA countries (mostly, Hungary, Romania and Poland) with developing nations in the late 1970s. Among these, for example, are the following undertakings: Sofosko, a Bulgarian-Congolese production enterprise engaged in prospecting and mining phosphates; Motor Assembly, a Polish-Nigerian car assembly company; and Temiz Chemicals Ltd., a Hungarian-Indian company specializing in the manufacture of vitamin B_{12} which meets 25 to 30 per cent of India's demand for this product.

However, the present level of cooperated manufacture between socialist and developing nations is not yet

adequate to the sides' potentialities which can be explained by the following objective difficulties: the comparatively short period of trade relations between respective countries; insufficient level of productive forces development in some Asian, African and Latin American states; the unstable political and economic situation in the traditional patterns of developing countries' trade and economic relations; and TNC control in many of their industries.

These restraining trends are aggravated by the lack of adequate knowledge of the sides about each other's import and export potential and the still unshaped legal and organizational mechanism of such economic relations.

Cooperated manufacture can be effectively based on long-term agreements (programmes) to promote economic, scientific and technical cooperation.

The Long-Term Programme of Economic, Trade, Scientific and Technical Cooperation between the Soviet Union and India (1979) can be considered as one of the first steps along these lines. A special chapter in the Programme deals with cooperated and specialized manufacture, defining the partners' potentialities, forms of cooperation and spheres of application.

Cooperation on a compensation basis has also been an extensive practice, with socialist countries getting long-term back payments in agreed quantities of products made at the enterprises in developing countries built with their assistance.

The developing countries are given an opportunity to pay for the assistance received through exports of their products and thus save their hard currency resources.

Most agreements on compensation cooperation involve mining industries, for example, such large-scale projects as the USSR-Guinea agreement on bauxites and the USSR-Morocco agreement on phosphates. This type of cooperation is also effective in the iron-and-steel industry. For instance, under a compensation arrangement India supplies Hungary with seamless pipes. The possibility of compensation-based cooperation of Soviet organizations in the recovery of hevea

plantations (up to 30,000 hectares) and the construction of a latex processing plant for rubber production in Kampuchea is being examined.

The mid-1970s witnessed expanded cooperation between CMEA and developing nations in the field of planning. Apart from assisting a number of newly-liberated countries in drafting national economic plans and exchanges of diverse information, methodology and research techniques on planning and forecasting, steps were made to help them coordinate planned development of individual industries. For instance, in 1979 and 1980 the USSR State Planning Committee and the planning agencies of other CMEA countries arranged a series of meetings with the planning organizations of socialist-oriented developing nations to establish their import requirements and export potentialities for a period up to 1985 and 1990.

To render effective assistance to developing countries in research and designing activities, socialist nations set up engineering consultation firms, as a form of cooperation, directly in the client countries. For example, the Bulgarian association Bulgargeomin (geological prospecting and mineral extraction) has opened engineering consultative bureaux in Algeria, Iraq, Libya and Tunisia. Another Bulgarian agency—Agrocomplect, has its offices in seven African, three Arab and two Latin American countries to study the possible use there of Bulgaria's experience in agro-industrial complexes, its equipment and know-how. Similar problems are handled by the GDR agencies Agrokonsultant and Industrikonsultant.

The CMEA countries' multilateral economic links as applicable to their economic cooperation with developing nations represent a comparatively new phenomenon. Vastness and complexity of specialized and cooperated manufacture in socialist nations and an objective tendency towards a more extensive international division of labour—these are the reasons causing the expansion of this form of joint activity.

These multilateral activities materialize as cooperated efforts of socialist countries' organizations in rendering technical assistance to a developing state, in

joint CMEA and developing countries' ventures on third countries' markets, and in cooperative activities of socialist countries' foreign trade organizations and Western industrial nations' firms in carrying out projects in developing states.

A most widespread form of multilateral cooperation is joint participation of several socialist countries in project construction in developing states. Two basic trends can be pinpointed here. One of these is when a country in charge of constructing a project calls in organizations of other socialist countries as sub-contractors. For example, a Soviet-assisted steel plant in Nigeria receives light-section and wire mills from the GDR and medium-section rolling mills from Czechoslovakia.

The other is when a socialist country in charge of a big project sub-contracts the construction of a part, as a rule, auxiliary, of this project to another CMEA country. For instance, in Libya V/O Technopromexport as the main contractor sub-contracted for the construction of the electric transmission line the Bulgarian organization Tekhnoexportstroi.

Formation of temporary consortia has been gaining ground in recent years as a form of cooperation of socialist countries in undertaking projects in developing states. For example, in 1978 Cuban, Soviet and Polish organizations set up a consortium to construct an agrarian complex in Nigeria for sugar cane raising and processing. The complex comprised a sugar refinery (100,000 tons per annum), a sugar cane plantation (16,000 hectares), irrigation and transportation networks, repair shops, cottages for workers and engineers, and a number of other facilities.

The progress in industrialization achieved in some developing countries with the assistance of socialist nations as well has enabled them to start mass-producing sophisticated machinery and equipment for export. Cooperation with socialist countries in the sales of these products in third countries guarantees maximum use of their productive capacities and extended exports.

India is most active in such cooperation, supplying individual types of equipment for the Soviet-assisted iron-and-steel mills in Nigeria and Algeria. Indian companies cooperated with Hungarian organizations when electric light bulb plants were being built in the Philippines, Indonesia and Sri Lanka, and with Czechoslovak firms in constructing motorcycle assembly factory in Iran. A new trend in this kind of cooperation is joint designing and manufacture of finished products for sale in third countries.

Another form of multilateral cooperation between socialist countries and developing nations is involvement of Western firms in their joint projects. Though of recent vintage, this kind of cooperation has been gaining momentum: the number of respective agreements by 1980s exceeded 200 as against 40 in the early 1970s. The following industrial countries are most active in these trilateral relations: France, the FRG, Italy, Austria and Sweden. Among the developing nations these include Algeria, India, Iraq, Morocco, Syria and Turkey. Majority of cooperation agreements between firms and organizations of the socialist, developing and capitalist countries fall to the share of industrial production (over 80 per cent), agriculture and transport. Most prominent within the industrial sector are the iron and steel, engineering (mainly energy-generating) and mining industries.

This cooperation assumes different forms, specifically, temporary consortia of socialist and Western firm to take part in biddings for sales of complete equipment in developing countries. For example, in the late 1970s the Polish foreign trade association Polimpex Cekop in a consortium with the Japanese firms Marubeni and Hitachi won a contract of the Algerian company Sonatrac for the construction in Algeria of the largest fertilizer plant in the region, while the contract for the construction of an electric supply network in Libya went to a consortium of West German, French, Yugoslav and Polish firms.

In many cases such multilateral projects constitute part and parcel of the expanding East-West economic cooperation. For example, after several years of fruit-

ful business cooperation in energy-generating equipment manufacture the Czechoslovak Skodaexport and the West-German Deutsche Babkok extended their sphere of activities by jointly participating in the construction of large energy complexes in Brasil, Morocco and Abu-Dhabi.

Another variation of such cooperation is when foreign trade organizations from socialist countries engaged in large project construction invite as sub-suppliers (sub-contractors) firms from industrial Western countries and vice versa. For instance, the Czechoslovak Skodaexport called in the Finnish export association Metex as sub-contractor in an electric plant expansion project in Turkey. The Polish Budimex was subcontracted for the construction of engineering communications in an electric plant and water-desalinating installation project carried out under a contract in Libya by the Deutsche Babkok-headed consortium.

Extention of economic links with developing countries is an important component of CMEA countries' economic activities.

In his speech at the 37th CMEA Session in October 1983 N.A. Tikhonov, Chairman of the Council of Ministers of the USSR, said: "The Soviet Union, like all the fraternal countries, thinks it is particularly important to expand cooperation with the developing states of Asia, Africa and Latin America, and consistently supports their course for strengthening the scientific, technical and production potential, economic independence and national sovereignty."*

Other CMEA delegations at the Session also reaffirmed their countries' invariable policies designed to promote trade and economic relations with all nations ready to cooperate on an equal and mutually profitable basis.

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* *Pravda*, October 19, 1983.

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CEMA CHEMICAL INDUSTRY GROWTH STATISTICS SHOW GREATER SPECIALIZATION

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 9, Sep 83 pp 112-118

[Article by Candidate of Economic Sciences N. Sterlina: "The Development of the Chemical Industry in the CEMA Countries (Problems of Intensification and Cooperation)"]

[Text] The overall chemicalization of the national economy is one of the leading directions of modern scientific and technical progress. It is laying a firm basis for the saving of raw material and energy resources, the increase of the efficiency of industrial and agricultural production and the meeting of the needs of the population for various goods.

The rapid development of the sectors of the chemical complex is a most important condition of the progressive structural reorganization of industry of each CEMA member country. Major allocations are being earmarked for chemical production. During 1976-1980 their amount in Bulgaria came to 13.2 percent of all capital investments, Hungary--10.5 percent, the GDR--12.9 percent, Poland--11.6 percent, Romania--15.5 percent, the USSR--10.3 percent and the CSSR--8.2 percent. The assets being allocated for the assimilation of new powerful plants and highly productive technological processes in the end are yielding a quite high return, to which the data of Table 1 for 1971-1980 attest.

During this period the share of products of the sector in the gross output of industry increased substantially: in Bulgaria from 7.5 to 9 percent, Hungary--from 9.1 to 13.2 percent, the GDR--from 10.1 to 10.6 percent, Mongolia--from 2.2 to 4.0 percent, Poland--from 8.9 to 9.4 percent, Romania--from 10.4 to 9.0 percent, the USSR--from 6.6 to 7.6 percent and the CSSR--7.0 to 8.5 percent.

The structure of the chemical complex of the CEMA countries in recent years has undergone great changes, as a result of which a mighty industry, which includes all the most important subsectors of modern chemistry, was formed. In each country, nevertheless, it has specific traits, which make it possible to participate in international economic cooperation.[1]

Natural factors play a more significant role in the formation of the structure of the chemical industry[2] than in other sectors of the processing industry. The main ones of them are the raw material and energy factors, which is due to the high materials-output and power-output ratio of chemical works (the expenditures on raw

materials and energy in them come to about 60 percent of all the costs) with the simultaneous extremely uneven distribution among the countries of the sources of raw material and energy resources.

Table 1 (percent)

Country	Production volume	Labor productivity	Capital investments
Bulgaria	10.7 / 7.5	6.6 / 6.0	1.1 / 5.8
Hungary	8.9 / 4.9	8.8 / 5.4	3.9 / 4.8
GDR	6.6 / 5.7	5.9 / 4.9	3.3 / 4.8
Poland	8.1 / 7.5	6.9 / 5.9	5.8 / 7.3
Romania	12.6 / 11.3	-- / 6.6	13.1 / 11.3
USSR	8.0 / 5.9	6.0 / 4.5	5.2 / 5.2
CSSR	7.9 / 5.7	6.7 / 5.1	-- / 5.3

Note: The average annual rate of increase in the chemical industry is shown in the numerator, the average annual rate of increase of industry as a whole is shown in the denominator.

There are two interconnected means of forming the structure of the chemical industry. The first is the maximum use of internal raw material resources, their processing and the supply of a portion of the products for export. Such subsectors and works, which are based on abundant national sources of raw materials, are undergoing greater development in the countries. Thus, the large reserves of sulfur in Poland determined its greater share in the total production of sulfuric acid by the CEMA countries: 12.3 percent in 1975 and 9.4 percent in 1980, while the share of the other European CEMA countries ranges from 1.9 to 5.5 percent. The deposits of potash salts in the GDR serve as a source of the vigorous production of potash fertilizers: in the total output of mineral fertilizers by the CEMA countries the GDR accounted for 11.8 percent in 1975 and 12.3 percent in 1980, while the other European countries accounted for 1.7 to 6.4 percent.

The other means consists in the development of subsectors and works on the basis of imported raw materials. In fact the entire petrochemical industry and polymeric materials industry in the European CEMA countries operate on hydrocarbon raw materials which are received mainly from the USSR. The large share of the countries, which are almost not supplied with domestic resources of hydrocarbon raw materials (for example, the GDR and the CSSR), in the total output by the CEMA member countries of plastics and synthetic resins, which are obtained from them, is significant. In 1975 with respect to the GDR this indicator was equal to 13.5 percent, the CSSR--9.5 percent; in 1980--respectively 13.2 and 13.7 percent.[3]

The technological peculiarities of the processing of chemical raw materials (first of all hydrocarbon raw materials) are creating the need for the increase of the degree of the concentration and combination of works. The economic expedience of this step was the main reason for the creation in each CEMA country of a chemical industry in the form of an integrated multisectorial complex, which can be regarded as a positive event.

The formation of multisectorial chemical complexes in all the European CEMA countries was due not only to the specific technological nature and the interconnection of chemical works, but also to the economic conditions of the development of the national economy of each country. The high capital-output ratio and science intensiveness of the works of the chemical industry govern the need for the more efficient use of the assets being allocated for the development of this sector. As a result, each national economy is striving for a specific conformity of the intrasectorial structure of the chemical complex to the ultimate national economic goals of its development (that is, the chemicalization of the most important sectors of the economy and the daily life of the population) and to the available resources.

However, as a result of such an approach, which is aimed at meeting only intrastate needs, a number of enterprises with the small-scale production of individual types of products were created in several CEMA countries. The profitability of these works far from always achieved the optimum values, which adversely affected the economic indicators of the development of the sector. Moreover, the inadequate consideration of the possibilities and needs of the partner countries had the result that within the entire region some types of chemical products are being produced in sufficient quantity or in a quantity which exceeds the needs, others are in short supply in the majority of CEMA countries. This is definitely hindering the development of international specialization in the chemical sector.

And nevertheless the international socialist division of labor played a positive role in the formation of the chemical industry in the CEMA countries. Thus, the creation and development of the Bulgarian chemical industry were based mainly on the use of Soviet equipment and plans with the direct participation of Soviet specialists. Petrochemical combines in Burgas and Pleven, chemical combines in Devnya, Stara Zagora and Dimitrovgrad, which produce 55 percent of the products of the entire chemical industry and more than 80 percent of the products of the petrochemical industry of Bulgaria, were built with the assistance of the USSR. The production of polyamide fibers at a combine in Vidin (Bulgaria) was set up with the participation of specialists of the USSR, the GDR and the CSSR. One of the largest soda ash plants in the world was built in cooperation with the USSR and Hungary.

At present in several sectors of chemical production of individual CEMA countries the international division of labor noticeably governs the specificity of the structure of the sector. This influence is traced especially clearly in the structure of the Hungarian chemical industry, in which the proportion of pharmaceutical compounds (26.8 percent in 1975), chemical means of plant protection (6.0 percent) and mineral fertilizers (12.2 percent) is incomparably greater than in the other CEMA countries. This is governed to a decisive extent by the shaping of the national economy of Hungary within the framework of the international division of labor: by the traditional export orientation of pharmaceutics, the large proportion

of the exports of pesticides, as well as the export orientation of agriculture, for which a large amount of mineral fertilizers and means of plant protection is required.

The present structure of chemical production in the CEMA countries still does not completely meet the demands of technical progress. Thus, the share of the CEMA countries in the world production of the most advanced types of products--plastics and synthetic resins--was estimated in 1978 at 13.2 percent, chemical fibers--15.8 percent, while in the world output of all chemical products it has already reached 30 percent.

However, in the past decade the CEMA countries have made significant gains in the development of the majority of sectors of the chemical complex. The average annual growth rate of the production of plastics and synthetic resins came to 9.3 percent, while in individual countries it was much more: in Hungary--19.3 percent, in the CSSR--13.8 percent. Polymerization types--polyethylene, polystyrene and polyvinyl chloride--have begun to play the main role in the structure of plastics. In 1980 these three types in the CEMA countries accounted on the average for more than 50 percent of the total production of plastics (in Hungary--84.9 percent, Bulgaria--67.1 percent).

However, for the present the potential needs of the CEMA countries for plastics and synthetic resins still exceed the possibilities of industry. Not only the leading increase of the production of plastic materials, but also changes in their structure (an orientation toward new brands of mass large-tonnage polymers of various versions; the creation of new construction materials on the basis of medium-tonnage polymers such as polyamides, polyacrylates, polysulfones and so on) are conducive to the improvement of this ratio in the future.

The share of chemical fibers, the production of which during 1971-1980 increased by 1.86-fold, is increasing from year to year in the balance of textile raw materials of the CEMA countries. The production of synthetic fibers, the output of which increased during this period by 3.3-fold, is being developed more rapidly. As a result their share in the total volume of the production of chemical fibers by the CEMA countries increased from 30.1 percent in 1970 to 53.6 percent in 1980.

In the next few years the share of chemical fibers in the overall balance of textile raw materials has to be increased and natural fibers, which are used for technical purposes, have to be completely replaced by them. The assortment of technical fibers will be enriched, their especially strong types will undergo preferential development, the public health properties of the fibers, which are used in consumer items, will be improved.

The CEMA countries have made significant gains in the production of mineral fertilizers, which already exceeds 37 percent of the world output. The USSR accounts for more than 60 percent of these products which are produced in the CEMA countries. The consumption of mineral fertilizers per hectare of plowland and perennial plantings had increased in the CEMA countries by 1980 to 105 kg as against 64.8 kg in 1970. In several countries this indicator has reached a very high level. Thus, in Hungary 262 kg of mineral fertilizers are applied per hectare of plowland and perennial plantings, in Poland--244 kg, in the GDR--325 kg and in the CSSR--332 kg. At the same time in the structure of the mineral fertilizers being produced in the CEMA

countries the proportion of complex, compound types, as well as fertilizers with increased physical-mechanical properties is still inadequate, the concentration of nutrients in them is negligible. A shortage of the widely used phosphate types and chlorine-free potash fertilizers, the application of which to the soil improves the growth of such crops as tobacco and grapes, is being felt.

Means of plant protection are playing an important role in the chemicalization of agriculture. Their production in the CEMA countries increased in terms of active matter from 249,300 tons in 1970 to 445,700 tons in 1980. The assortment of pesticides has been enlarged, the number of active substances being produced has increased. However, the needs of agriculture of the CEMA countries for means of plant protection are not being completely met, the most important problems in this area are: the increase of the proportion of herbicides and fungicides in the total volume of production of pesticides, the decrease of the toxicity of compounds, the use of rapidly decomposing substances (for the decrease of environmental contamination), the improvement of the form of use of compounds.

The formation of the structure of the chemical complex of the CEMA countries and the increase in it of the share of advanced sectors and works have a direct bearing on the further development of cooperation in the area of the complete chemicalization of the national economy. The too high degree of diversification of the products being produced in each country attracts attention.[4] The uniformity of the structure of the chemical industry with respect to the CEMA countries is actually being observed. It is attributable, in particular, to the inadequate coordination of the basic directions of chemical production in the CEMA countries and to the imperfection of the entire mechanism of the coordination of the development of the sectors. To a certain extent this situation has become an obstacle for the more extensive development of international specialization in the sector.

During the 1970's the intrasectorial structures of the chemical industry of the CEMA countries did not undergo substantial changes under the influence of integration measures first of all because the latter were aimed not at the joint solution of the long-range problems of sectorial development, but at the overcoming of the shortage. In essence, structural changes occurred due to the additional commitment of resources, which required the increase of the amounts of capital investments. This was the extensification, and not the intensification of production.

The changeover to the primarily intensive type of development is being planned in the chemical industry of all the CEMA countries during the period to 1990. It will be accompanied by major structural changes due to the leading growth of the sectors and works, which are capable in the shortest possible time of increasing the level of chemicalization of the national economy and of increasing the efficiency of the functioning of the chemical industry itself. In addition to this, all the CEMA countries are planning during the current 5-year period the implementation of extensive programs of the saving of raw material and energy resources. Thus, in Bulgaria it is proposed to make radical changes in the investment policy by the expansion, renovation and modernization of operating capacities as compared with the construction of new facilities. The complete automation of chemical works (the introduction of microprocessor systems of computer engineering at the largest chemical facilities), the decrease of the power intensiveness of chemical processes, the utilization of secondary chemical raw materials and secondary energy resources and the broadening of the use of processing methods with the more thorough

processing of raw materials and of low-waste and waste-free processing methods are also envisaged. During the current five-year plan the material expenditures in the chemical industry will be reduced by 5.15 levs per 100 levs of commodity production, while labor productivity will increase by 30.5 percent.

The progressive reorientation of the structure of the sector by means of the leading production of chemical means of plant protection (an increase during the 5-year period by 2.5-fold), polyvinyl chloride (2.5-fold), epoxy resins (4.7-fold) and products of the microbiological industry (2-fold) is anticipated. The processing of plastics (16 percent), rubber (12.6 percent), the output of small-tonnage products (13.1 percent) and the production of pharmaceutical compounds (12.6 percent) will be developed rapidly (as compared with the average annual increase of all chemical products by 7.5 percent).

In Hungary for 1981-1985 an increase of chemical production on the average by 6 percent a year is planned, which is approximately twofold greater than for industry as a whole. The development of the sector will be aimed first of all at the expansion and intensification of the existing works. With an unchanged amount of petroleum which is being refined, the output of light petroleum products will increase due to the start-up in 1984 of a catalytic cracking installation for the refining of 1 million tons of crude oil a year. It is envisaged to increase the output of ethylene, propylene, aromatic hydrocarbons, polyamide materials and so on.

As a whole in the long-range plans of the chemical industry of Hungary the following basic directions are singled out: the leading increase of the production of biologically active compounds (medicines, means of plant protection); the production of intermediate products; the increase of the capacity of petrochemical complexes for the meeting of the needs for plastics and synthetic fibers; the development of pharmaceutics, the rubber industry and the production of means of plant protection with allowance made for the increase of exports and participation in international specialization. During the decade the output of pesticides will increase by 3.6-fold, while the output of intermediate products will increase by 12.5-fold. The output of pharmaceutical products will increase by 2.5-fold, while their export to the socialist countries will double.

Thus, the long-range development of the chemical industry of Hungary is oriented first of all toward the expansion of the production of products of a high degree of processing, which stimulates less materials-consuming exports.

In Poland in the immediate future the basic efforts will be aimed at the increase of the production and export of a number of high quality finished chemical products--pharmaceutical compounds, dyes, varnishes and paints, other products of small-tonnage chemistry on the basis of domestic raw materials and technology, supporting equipment for the output of plastics and rubber.

A high rate of sectorial development, which will come on the average to 9-9.8 percent a year, is envisaged in Romania for 1981-1985. The increase of the production of plastics (by 1.5- to 1.7-fold during the 5-year period), synthetic fibers and yarns (1.6- to 1.8-fold), synthetic rubber (1.4- to 1.6-fold), varnishes and paints (1.5- to 1.7-fold) is planned. The production of mineral fertilizers and medicines will be developed at a leading rate (2- to 2.5-fold). As a whole during the immediate future the rapid increase first of all of the output of products of a

high technical level and of groups of products, which are produced with the low consumption of energy resources, with the maximum processing of raw materials and the use of skilled manpower, is planned.

In the CSSR during the 5-year period the increase of the output of chemical products will be small--12 percent. Here the assurance of the better use of raw materials and energy will be the most important tasks.

The assimilation of capacities at new works in the petrochemical industry and at new rubber plants, the intensification and modernization of the production of plastics and chemical fibers and the expansion of the production of polypropylene fibers on the already available raw material base and chemical fibers, in which the CSSR specializes, are proposed during the period to 1985. Capacities for the production of additives for the rubber industry, agricultural chemicals, synthetic resins and others should be put into operation.

Thus, during the next few years quite profound structural, technological and organizational changes will be made in chemical production of the CEMA countries. This should create favorable prerequisites for the further development of economic cooperation and the more complete utilization of various forms of the implementation of integration measures.

The international specialization and cooperation of production have become the basic form of cooperation in the area of the chemical industry. The share of specialized products (which are delivered within the framework of multilateral and bilateral agreements on specialization) in the total value of reciprocal exports of chemical goods of the CEMA countries (excluding Romania) increased from 12.0 percent in 1975 to 32.8 percent in 1980. In Bulgaria the proportion of specialized deliveries in the exports of chemical products to the CEMA countries in 1980 was estimated at 20.3 percent, in Hungary--62.4 percent, the GDR--27.3 percent, Poland--54.0 percent, the USSR--20.9 percent and the CSSR--42.5 percent.

The data of Table 2 attest to the change of the level of specialization in individual sectors of chemical production during the period from 1975 to 1980.

Among the basic directions of the specialization of the CEMA countries in the area of chemistry, with respect to which the proportion of specialized goods in reciprocal exports especially increased, one should name organic dyes and intermediate products, photographic materials, chemical means of plant protection, plastics and materials for their production. The overwhelming majority of multilateral agreements on specialization, which are now in effect, pertain to products which are oriented toward the extensive chemicalization of the national economy, and not toward the development of the chemical industry itself, and are being implemented in the form of assortmental exchange.

In bilateral cooperation finished chemical products have also become, in essence, a priority direction of specialization. Bilateral specialization is being developed even more intensively owing to the greater flexibility of its mechanism as compared with multilateral specialization. Moreover, bilateral contacts make it possible to organize cooperation with respect to a broader group of sectors, including large-tonnage basic works. Thus, Romania during 1976-1980 had 37 agreements on specialization with other CEMA countries; 44 agreements have been concluded or readied for

signing for the period of 1981-1985. During the current 5-year period Czechoslovakia is a party to 31 bilateral and 14 multilateral agreements on the specialization of chemical production.

Table 2 (percent)

Group of goods	Year	Bulgaria	Hungary	GDR	Poland	USSR	CSSR	Total
Byproduct coke and petrochemical products	1975	--	--	23.9	--	--	--	1.8
	1980	--	--	--	--	--	28.4	6.4
Plastics and materials for their production	1975	--	43.5	0.7	--	0.8	3.7	3.2
	1980	--	44.1	6.7	--	38.9	45.8	24.5
Organic dyes and intermediate products	1975	83.5	2.0	2.5	--	42.9	69.8	45.3
	1980	76.1	--	17.3	75.7	88.4	55.4	58.2
Photographic materials	1975	--	--	0.5	--	3.3	--	0.6
	1980	--	0.5	47.7	--	59.1	21.2	40.2
Chemical means of plant protection	1975	3.7	--	12.9	--	23.2	--	10.0
	1980	45.9	92.0	70.7	26.2	42.3	59.1	71.6
Synthetic rubber	1975	--	--	41.3	--	80.7	--	67.7
	1980	--	--	70.7	--	58.0	--	59.2
Tires, inner tubes, rims	1975	84.6	--	--	--	--	3.1	15.7
	1980	86.9	76.8	--	51.9	28.6	31.8	37.3

A number of bilateral agreements on the specialization of the production of chemical products are in force between the USSR and all the European CEMA countries. Here during the current 5-year period as compared with the preceding 5-year period the volumes of reciprocal deliveries have been increased, the range of specialized products has been broadened.

Agreements with Hungary and Romania on specialization in the area of agricultural chemistry are being implemented. In conformity with them Hungary will deliver during 1981-1985 tens of types of new advanced pesticides for the protection of plantings of corn, cotton, grain, leguminous, melon and orchard crops. Romania will send to the USSR 13 types of chemical means of plant protection. In turn, mineral fertilizers, individual intermediate products for the production of means of plant protection and polymeric materials will be exported from the Soviet Union to Hungary; a number of types of energy-consuming chemical products will be exported to Romania.

In the production of products of petrochemistry and basic organic synthesis the possibility of the production of polymeric materials, which differ in composition, governs the extensive possibilities of cooperation. Cooperation within the framework of four bilateral agreements: between the USSR and Hungary, the GDR and the CSSR, Romania and Yugoslavia, Romania and Bulgaria, is being carried out according to the same principle (the exchange of olefins for the products of their processing). In conformity with these agreements ethylene is transferred to the partner enterprises through specially built pipelines. At present the total length of the

ethylene pipelines already comes to 760 km. It is possible to regard them as components of the future ethylene circuit, which will link the petrochemical complexes of the European CEMA countries, Yugoslavia and the western regions of the USSR.

Since a wide assortment of advanced types of chemical products--polymeric materials (plastics, synthetic fibers, synthetic rubber), synthetic detergents and so on--is produced on the basis of olefins, the cooperation of individual CEMA countries in the area of the production of olefins and the products of their processing can be regarded as an important factor of the improvement of the structure of the chemical complexes.

Multilateral cooperation in the production of isoprene rubber is also actually being carried out in accordance with the bilateral agreements between Romania, on the one hand, and Bulgaria, Hungary and the CSSR, on the other: raw materials, in exchange for which these countries receive a specific amount of the isoprene rubber being produced at it, are being delivered to a plant built in Romania from the other CEMA countries.

The further increase of petrochemical production, which is being planned by all the CEMA countries, is creating large reserves for the development of production cooperation. At this stage this is making special demands on the level and qualitative aspect of multilateral activity on the coordination of the prospects of development and cooperation in their area.

For the present the meeting of the needs of animal husbandry for fodder protein and chemical and biochemical feed additives remains a still unsolved problem. The shortage of nutrient yeast, lisine, methionine and vitamins A, B_4, D_3 and E, which are imported from third countries, is especially great. Therefore a multilateral agreement on specialization and cooperation, which encompasses seven types of feed additives: choline chloride, vitamins B_3, B_6, E, K_3 and PP and bacitracin, was signed in 1977 for the purposes of the development of the production and the increase of the reciprocal deliveries of several types of vitamins and other feed additives. In addition to this, the creation of new capacities for the production of vitamins A and E is envisaged in the USSR.

The implementation of the General Agreement on the Construction in the USSR of the Mozyr Nutrient Yeast Plant, which was signed in 1979, will make it possible to obtain it in the amount of 300,000 tons a year, of which 130,000 tons will be sent to the GDR, the Republic of Cuba, Poland and the CSSR.

In all the named areas of chemical production the insufficient amount of technological and planning and design developments and the shortage of equipment and raw materials are creating the need for the combined accomplishment of the task of international specialization, and, in all probability, with allowance also made for the possibilities of the coordinated purchase of processing methods and equipment from third countries.

Among the most urgent tasks of the development of the chemical complex of the countries there are: the achievement of the mutual adaptation of the structures of the chemical industry of the CEMA countries on the basis of the intensification of practicable specialization; the accomplishment of the progressive reorganization of the structure of the sector, and especially the microstructures of individual

subsectors and groups of products; the improvement of the scientific and technical base and the material and technical base of the chemical industry.

Extensive prospects are opening up for the assortmental exchange. Its possibilities are determined by the diversity, which is characteristic of the chemical industry, of the types and brands of products of a single description, but with different areas of application. Many modified products can actually be produced on the same production lines with negligible and easily accomplished changes. Therefore in this area it is easy to achieve mutually acceptable decisions of the partners.

The existence as a whole of similar sectorial structures is not hindering the broadening of the production cooperation of related enterprises both at the stage of the assimilation by turns of new capacities and in case of their complete placement into operation. This follows from the dominant development of petrochemical and polymer works, which use a limited number of monomers, but a large number of different secondary substances. The long-range increase of the assortment of polymeric materials by means of their different modifications potentially broadens cooperative relations and the assortmental exchange.

The presence in the CEMA countries of related chemical works and combines is also creating the prerequisites for the broadening and intensification of cooperation in the process of their production engineering development, renovation and modernization. Permanent direct contacts of these enterprises would afford the opportunity for the increase of the efficiency of the scientific and technical developments being carried out, the joint improvement of the processing method, the competitive ability of products and joint appearance on the markets of third countries. The comprehensive development (or improvement) of processes and equipment, up to the building of pilot industrial installations, is the most effective form of cooperation in this case. It can be carried out by the joint efforts of specialists of the partner enterprises or in isolation, in accordance with a single program, with the clear delimitation of the tasks and the specific dates of its fulfillment. Such comprehensive development will provide a basis for the organization of specialized production within one or several partner enterprises.

All the links of the chain of the reproduction process can be united most consistently, in our opinion, into a single integration cycle in case of the joint drafting and implementation of a long-range comprehensive program of the chemicalization of the national economy of the CEMA countries. Its basic elements are: a uniform scientific and technical policy; coordinated investment activity; a set of interconnected long-range measures which are aimed at the development of chemical machine building; a set of measures on the solution of the problem of the raw material backing of the development of the chemical industry; the coordination of actions in the area of the marketing of chemical products and their use in the national economy.

A comprehensive program of this sort is based on the needs of the chemicalization of the entire region. However, with respect to each element it will encompass only those priority directions, in which a real interest in the development of mutual foreign economic relations exists, which will increase the possibility of its implementation and will speed up the process of the more complete supply of the national economy of all the CEMA countries with the necessary chemical products.

FOOTNOTES

1. In this connection the observation of Yu. S. Shiryayev is correct: "A peculiarity of the development of international specialization and cooperation at the present stage is the closer coordination than in the past of foreign economic measures with the optimization of the production structures of the national economies, with the qualitative transformation of a number of characteristic sectors" (EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV, No 10, 1982, p 8).

2. In conformity with the classification, which has been adopted in the Council for Mutual Economic Assistance, the chemical and rubber-asbestos industry, which includes the production of all types of chemical, petrochemical, pharmaceutical, perfume and cosmetic products, industrial rubber items and so on, is regarded as an independent sector of industrial production. The production of pulp and paper products is represented by a separate sector of industry.

3. The imports of petroleum and gas are due first of all to the needs for energy carriers of the national economy as a whole, since only a small portion of these types of natural resources are used for the needs of chemistry. Therefore, the significant development of the petrochemical industry in a number of European CEMA countries is connected with the intensive growth of the entire fuel and energy complex of each country and with progressive structural changes in the national economy as a whole.

4. The basic types of products, such as sulfuric acid, ammonia, caustic soda, calcium carbide, mineral fertilizers (including nitrogen and phosphate fertilizers), caprolactam, dyes, plastics and synthetic resins, artificial and synthetic fibers, varnishes and paints, means of plant protection and synthetic detergents, are produced by all the CEMA countries. Soda ash, potash fertilizers, methanol, acetone, phthalic anhydride, phenol, naphthalene, phenoplasts, polyethelene and copolymers, polyvinyl chloride and copolymers are also produced in six countries. Five countries produce butanol, benzene, xylenes, polystyrene and copolymers, synthetic tannins.

7807
CSO: 1823/12

USSR-EAST EUROPE BILATERAL TRADE

PROTOCOL ON 1984 SOVIET-HUNGARIAN TRADE SIGNED IN MOSCOW

Moscow APN DAILY REVIEW in English No 249, 22 Dec 83 pp 1-2

[Text] As a result of fruitful talks between government delegations of the USSR and the People's Republic of Hungary a protocol was signed in Moscow on December 21 on trade between the two countries for 1984.

The protocol takes into account the mutual committments of the sides following from the long-term trade agreement for 1981-1985 and from other economic agreements, and formalizes the positive results of mutually beneficial economic cooperation attained in the course of the implementation of the Comprehensive Programme for the development of socialist economic integration of the CMEA member-countries.

In 1984 trade between our two countries will grow further compared to the previous year and will total more than 8,600 million roubles.

The protocol provides for a sizable growth of mutual deliveries of modern types of mechanical engineering products on the basis of the expansion and intensification of production specialization and cooperation. Cooperation will continue in the production of equipment for the light, food and chemical industries, communication systems, computers and agricultural machinery. Under the standing agreements between our two countries in the field of automaking, the Soviet Union will supply a large number of cars and trucks to the Hungarian market in exchange for buses, auto units and hardware as well as individual types of system-oriented products supplied from Hungary. Hungarian enterprises will take part in the modernization of a number of economic projects in the Soviet Union such as the Likino bus factory and a number of light- and food-industry works.

As before, the Soviet Union will be playing a decisive role in meeting Hungary's demand for the basic types of fuel, energy and raw materials required for the steady development of the republic's national economy.

The protocol provides for the expansion of cooperation with Hungary in manufacturing goods for the agro-industrial complex. Mutual deliveries of consumer goods will continue, too.

In the course of the negotiations to draft the protocol the two sides reached agreement on continuing the work to secure a further expansion of trade between the two countries in 1984.

The newly-signed document meets the interests of both countries and provides a solid foundation for the continued steady development of relations between the USSR and the People's Republic of Hungary.

The talks were held in an atmosphere of friendship, fruitful cooperation and comradely mutual understanding.

The protocol was signed for the government of the USSR by the Minister of Foreign Trade, N. S. Patolichev, and for the government of Hungary, by the Minister of Foreign Trade, P. Veress.

(TASS) (PRAVDA, Dec. 22. In full.)

CSO: 1812/80

HUNGARY-USSR: EFFECTIVE COOPERATION IN FERROUS METALLURGY

Moscow SOVIET EXPORT in English No 5 (146) 1983 pp 10-11

[Article by Istvan Soltes, Hungarian deputy minister of Industry]

[Text] Trade, economic, scientific and technical co-operation in ferrous metallurgy figures prominently in Hungarian-Soviet business relations. It is hard even to enumerate all the undertakings which have contributed, in a decisive way, to the development of Hungary's ferrous metallurgy and promoted technological progress in this industry. The Soviet side drew up design and engineering documentation, organised consultation service for the builders of blast furnaces, converters, rolling mills and continuous bar casting plants at the Danube Iron and Steel Mills. Specialists from the USSR helped to modernise the Borsod Steel Plant, provided technical assistance in operating the Csepel Steel and Engineering Mills. Many constructive ideas were carried out within the CMEA framework and as part of bilateral co-operation over the past decades, with Soviet partners taking an active part.

The Soviet Union supplies over 90% of the iron ore, a third of the blast furnace coke and two-thirds of the ferroalloys used in the Hungarian industry. Besides, we import from the Soviet Union about 650,000 tons of rolled stock and 250,000 tons of cast iron a year. Without this well-established co-operation with the Soviet Union, the present and future of the Hungarian ferrous metallurgy industry are inconceivable.

The constructive character of our co-operation, which has been broadening steadily over the current decade, can be illustrated by a number of examples.

The sides systematically exchange production experience. Hungarian metallurgists visit Soviet factories every year to study, in operation, the latest equipment, advanced iron and steel making and rolling processes, to see what their Soviet counterparts are doing in the way of evironmental protection and product quality improvement. On the other hand, Soviet specialists are interested in our methods of designing and building metallurgical plants, in our new production processes.

We have pooled efforts to tackle a number of important research problems, such as optimizing the conditions of wide sheet and steel rounds rolling and cooling, using stainless steel in the manufacture of medical instruments. Besides, we are jointly developing control and measuring systems for metallurgy, and highly-efficient equipment for making cold-drawn pipes of carbon-free stainless steel by a continuous rolling method. Our systematic efforts in these areas have brought noticeable progress, and I am sure we shall be able to solve many scientific and technical problems together in the near future.

In the current five-year period the Hungarian economy will take a new direction in view of the changes that have taken place in the world economy and of the specific

conditions that have taken shape inside the country. The main emphasis will be on improving product quality, widening the range of output, cutting down on specific materials and energy consumption in production. Great importance is attached to the improvement of the physico-mechanical properties of metals, to raising the standards of surface finish and dimensional accuracy. New processes will be introduced for the purpose.

The broadening of co-operation between Hungarian and Soviet metallurgists will help carry out all the tasks facing us. On our initiative new highly promising research projects have been included in the plan of Hungarian-Soviet scientific and technical co-operation. They include improvement of tool steel manufacture by the electroslag refining method, research into the possibility of processing Hungarian manganese ore into ferromanganese, the development of new refractory materials.

We should like to broaden the exchange of experience between Hungarian and Soviet specialists in all the areas of metallurgy. Exchange of new ideas in the field of ferrous metallurgy, for instance, in such areas as energy saving and the making of high-quality steels, and the implementation of these ideas, may become an important aspect of our co-operation.

In 1982, the Soviet side completed the feasibility study for a new ore-dressing mill project in Hungary. At present the engineering and economic problems involved in carrying out this project are under discussion.

"The basic equipment for the Danube Iron and Steel Works has been supplied by the Soviet Union. Production is marked by a high degree of automation, and computerized production control systems and efficient environment pollution control equipment are used. A second converter (of a 135 ton capacity) was put into operation ahead of schedule in 1982. Now the Works produces rolled stock of a still better quality. This continuous steel casting plant has been operating for ten years without any downtime.

A coke-oven battery with an annual capacity of one million tons is now being installed. This battery, too, has been purchased from the USSR."

Jozsef Mezei, an expert, Hungary's Ministry of Industry.

"At our works, we practice seamless stamping in snap dies. It is done using a Soviet process and Soviet double-action presses with an effort of 5,000/5,000 kN. A three-year record of operation has borne out the efficiency of both the equipment and the process. Die cavities are either draft-free, or with a slight draft of 1—3°. Closer tolerances mean a reduction of metal removal by about a third. By discarding some of the operations and automating the others, we have increased labour productivity 25%. Energy consumption goes down 20—100%, depending on billet shape and size."

Ferenc Lovas, engineer, group leader, Technological Progress Department, Czepel Iron and Steel Works.

CSO: 1812/57

GENERAL

U.S.-EUROPEAN SPLIT OVER SANCTIONS

Moscow ARGUMENTY I FAKTY in Russian No 49, 6 Dec 83 pp 1-2

[Article by V. Gurevich: "The Strong Foundations of Our Economy Are Making Senseless the Policy of the Boycott of the USSR"]

[Text] Washington is not abandoning the attempts to put together a "united front" of economic warfare against the Soviet Union and the other socialist countries. As A. Wallace, U.S. Assistant Secretary of State for Economic Affairs, recently stated, the United States as a result of "continuous multilateral consultations" had reached agreement with its allies on a "basic framework" of economic relations between East and West.

Wallace, however, did not say a word about the fact that a year ago President Reagan had already declared the achievement of such an understanding. In lifting the failed sanctions against the construction of the gas pipeline from Siberia to Western Europe, the head of the White House asserted at that time that the U.S. allies (by way of "compensation") had agreed to some rules of conducting trade with the socialist countries. However, the existence of such "rules" was called into question in the western press, while in Paris they directly indicated that there was no such understanding.

The current statement of Wallace is more evidence of the fact that Reagan has attempted to pass off what is desirable as what is real. Therefore it is difficult to say, specifically with what the "multilateral consultations" have now ended. One thing is clear: Washington, as before, would like to force the other capitalist countries to form under its leadership a "NATO economic bloc." The goal is to reduce as much as possible East-West business relations, which were an important element of the strengthening of the relations of cooperation and neighborliness of the states with a different social system;

to create (as far as possible) difficulties for the economic development of the socialist countries;

to block for ally competitors the channels of "eastern trade."

Taking Refuge in Words About "the Soviet Military Threat"

The "basic framework" of East-West trade, which is being imposed by Washington, reduces to three "noes":

"no" to deliveries of modern equipment and technologies from capitalist countries;

"no" to the extension of credit for deals and to compensatory agreements;

"no" to purchases in the East of goods, first of all energy carriers.

For itself the United States is leaving "yes" with respect to some positions of commercial relations, which are of interest for it.

While playing out such a "scenario," in Washington they nevertheless deny that it is a question of "economic warfare," and are using contrivances of different kinds. Let us quote Wallace: "We should not let it (the Soviet Union--V. G.) use economic relations with the West for obtaining a political, strategic and military advantage."

What is behind this? Let us turn to the article of NEW YORK TIMES commentator W. Safire, which was published on 9 October of this year. In it, in particular, the recommendations to turn over control over the export of petroleum and gas equipment to the Department of Defense, which were made a month earlier by U.S. Assistant Secretary of Commerce L. Brady, are discussed. Otherwise, it is said, military secrets will fall into the hands of the Russians. No less of a "hawk" than Brady, Safire votes with both hands in favor of such steps. Only he defines the main reason more precisely: "We are pursuing a strategic goal--to weaken the ability of the Russians to expand the production of petroleum and gas."

A frank admission. But for bourgeois propaganda such frankness is not entirely suitable, and it places greater emphasis on the absurd ideas of Brady and people like him that "the Russians are cunningly adapting western equipment for military needs." This is very reminiscent of the Cold War years, when Washington figures claimed that "everything is of potential military significance" and that "it is possible to sell the Russians only chewing gum."

Compare that with the current "revelations" of Wallace: the sale of western equipment to the USSR "improved Soviet weapons, and this, in turn, led to an increase of defense spending of the United States--in order not to lag behind the Russians." At one stroke a "base" was built both under the increase of American arms and under the reduction of East-West trade by this statement, which was borrowed from the latest reports of the Pentagon and the CIA.

The Partners of the United States Have Doubts

In Western Europe such fabrications are not refuted: there they do not want to get into a squabble once more with the senior "partner." But in a number of instances, when the actions of the United States strike an especially painful blow to the interests of the allies, the latter offer resistance. When in April Washington prepared a new bill on the control of exports, which envisaged draconic measures with respect to foreign firms trading with the USSR, a sharp protect, which was formulated, in the opinion of western diplomats, in expressions which had not been used for a long time in the official correspondence between the allies, was received from the European Economic Community.

At the same time sensible figures in the West are asking the question: Is it plausible that such a mighty power as the USSR in matters of military equipment would rely on technology obtainable from the West? And by what means, then, had the USSR achieved by the early 1970's approximate parity in strategic arms with the United States, for the level of trade at that time was simply scanty?

Even the pro-American newspaper DIE WELT writes that the Russians were the first to send a man into space, Russian satellites were the first to reach the moon, Russians made the flight of the first jet airplane. And all this is during a period when even "zip" fasteners had been applied by Washington to strategic goods, while U.S. allies hastily fulfilled all the instructions from across the ocean. The USSR needed 4 years to eliminate the American nuclear monopoly, DIE WELT writes and recalls that at one time the head of the American nuclear project, General Groves, declared in Congress that the Soviets would need a minimum of 10-15 years to accomplish such a task.

It is also necessary to note the following: the assertions that western technology "is improving Soviet arms" is, apart from all else, an attempt to link two other theses of western propaganda, which conflicted with each other: about "the threatening increase of Soviet arms" and "the scientific and technical lag" of the USSR.

Businessmen Are for Cooperation

Not only western exports to the USSR, but also return imports from the Soviet Union do not suit Washington. A. Wallace stated that the western allies had decided to avoid dependence on Soviet products, particularly natural gas, taking into account "the sorry reputation of this country (the USSR--V. G.) on the level of the use of trade relations for the coercion of other governments."

Let us leave on Wallace's conscience the statements that the other western countries have decided to avoid the "dependence" on Soviet deliveries, which was invented by Washington. It is possible merely to recall that at the conference of the International Energy Agency in Paris (May 1983) the American attempts to force the allies to accept a "quota" of imports of Soviet gas, which was established arbitrarily by the United States, failed.

As to the remark concerning the ostensibly "sorry reputation" of our country with respect to the use of trade "for the coercion of other governments," neither Wallace nor anyone else can confirm this invention with a single example. Not one partner of ours has ever advanced such accusations. Moreover, abroad, including the United States, the obligingness and punctuality of the USSR in the fulfillment of concluded deals are not doubted.

On the contrary, precisely the United States is using economic relations as a tool of pressure. And precisely the United States has won for itself throughout the world such a sorry reputation. Did not the United States really attempt to compel the West European countries and Japan to reject deals with the USSR, which are advantageous to them, by using the fact that these countries in part were using American technology? Not by chance did British Prime Minister M. Thatcher and FGR Minister of Economics O. Lambsdorff warn that such

blackmail can call into question the advisability of the further use of American equipment and licenses in other countries.

Share of Industrially Developed Capitalist Countries in the USSR Commodity Turnover (in percent) in 1982

FRG	5.5
Finland	4.3
Italy	3.4
Japan	3.1
France	3.0
United States	1.9
Netherlands	1.6
Austria, England, Belgium, Canada, Switzerland, Sweden	6.2

Note: the volume of trade with the United States came to approximately 0.15 percent of our gross national product.

Even those, who previously were willing to follow Washington in matters of East-West trade, are beginning to realize: only one state is advocating the creation of a "NATO economic bloc" and only it, more precisely, its most reactionary circles are interested in such a bloc. However, it must be taken into account that this is the largest country of the capitalist world, which has many levers of influence on its allies.

To take part in pressure on the USSR, which is absolutely ineffective and, moreover, is disadvantageous for them, or to experience pressure on the part of the United States--such is the "basic framework," within which they have been forced to maneuver in several western capitals. There are nevertheless many indications that common sense and the consideration of one's own interests in the end will conquer. The visit to the USSR this year by the largest delegations in history of businessmen of Great Britain and Japan, as well as by representatives of business circles of the FRG, France and other countries is one of the confirmations of this.

7807
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GENERAL

CEMA, WORLD ENERGY PRICES COMPARED

Moscow ARGUMENTY I FAKTY in Russian No 48, 29 Nov 83 pp 1-2

[Article by Candidate of Economic Sciences B. Rachkov: "The Advantages of Pricing"]

[Text] In the early 1980's in connection with the energy crisis, which had dragged on in the capitalist world, the foreign trade prices on the world market displayed a declining trend. In March 1983, for example, the Organization of Petroleum Exporting Countries (OPEC), of which 13 developing petroleum-producing states are members, was forced to officially decrease the export prices for its "black gold" immediately by 15 percent. As a result the revenues of these states and other petroleum exporters in the capitalist world will immediately decrease by approximately $40-45 billion, while a gain in the same amount will be obtained by importers. The amount is considerable: it is comparable to the total gross national product of Algeria and Iraq.

But exactly 10 years ago everything on the world petroleum market was the other way round: in late 1973 the export prices for petroleum soared sharply--immediately by fourfold. The revenues of the OPEC countries and other petroleum exports in 1974 as compared with 1973 increased by more than $100 billion. The expenditures of importers increased accordingly. It was possible to measure the loss of the latter at the time, for example, by the gross national product of Spain and Norway taken together.

The rapid unforeseen "shifts" of such wealth from exporters to importers and back are having an unhealthy affect on the economy of many countries, are intensifying the old crisis processes and giving rise to new ones in the capitalist economy. A previously unprecedented energy crisis, which did enormous harm to tens of countries of the world, flared up in late 1973 precisely after the "petroleum price revolution."

Phenomena of this sort are absolutely alien to the foreign economic relations between the member countries of the Council for Mutual Economic Assistance. The export and import prices in trade between the fraternal socialist countries change gradually, without sharp increases and declines, which conforms to the planning principles of the management of the national economy. By means of what is this being achieved?

How CEMA Prices Are Formed

The bulk of foreign trade goods circulates on the world capitalist market and, consequently, the basic value ratios, which find expression in the end in export and import prices, are formed precisely there. Under the influence of the increase or decrease of production costs, the effect of spontaneous market forces and political events the prices can fluctuate upward and downward and can lose contact with the real social value of goods, but as a whole over a number of years or decades on the average they reflect quite accurately both the value and the objective, economically dictated trends of pricing. The CEMA members could not but take this into account, when a third of a century ago they elaborated the basis principles of the formation of prices in trade with each other. At that time they also took care that the young socialist market, being oriented toward the long-term objective trends of pricing of the world market, would be reliably protected from the spontaneous surges of its market conditions and abrupt structural changes.

Protection was ensured by the fact that from the very start the CEMA members decided unanimously to use in settlements with each other not the current prices of the world market, but the prices which were calculated as the average world prices during the preceding 5 years. Such averaging immediately saved the economic zone of the CEMA countries from the morbid effect of the abrupt and frequent fluctuations of world prices. The fluctuations began as if to "be suppressed" by their "dissolving" in the prices during other years, while the long-term trends, which are observable over a number of years, in any case received reflection in the average 5-year prices. Such a method of pricing enabled the CEMA countries to take steps in good time on the reorganization of one sector or another of the national economy with allowance made for the objective long-term trends.

During the more than a third of a century of activity of CEMA the specific procedure of establishing foreign trade prices has constantly been improved. In particular, when the fluctuations of world prices in case of all their usual unpredictability were relatively small up to the early 1970's, the prices in trade between the CEMA countries were set as constant prices for the entire period of each successive five-year plan. But in the 1970's the world economic situation began to experience unprecedentedly sharp and profound fluctuations, including those due to the increase of the costs of the production of minerals at new deposits, previously unprecedented inflation and other factors. The mutual interests of the CEMA countries required that greater flexibility be lent to their foreign trade prices and that they be made more sensitive to the long-term structural changes in the world economy. As a result since the middle of the past decade our countries have rejected prices, which do not change over a period of 5 years, and by mutual agreement have begun for their most part to use in settlements with each other prices which are calculated for only 1 year, but on the basis of world prices during the preceding 5 years.

The work on improving pricing in CEMA is being continued. However, no matter what changes are made, they are all adopted collectively and are aimed at the maximum possible observance of the interests of each country and the entire community as a whole and at the assurance of the unconditional mutual advantage of all the members of the community.

If we speak more specifically about the past decade, which was marked by an increase of world prices for all types of products, which is unparalleled in history, and then by the decline of prices for a number of goods, the advantages of the pricing system now being used in CEMA appear especially convincingly.

Here are specific examples which it is possible to find in the month statistical collections of the United Nations, MONTHLY BULLETIN OF STATISTICS. The collections show that in 1974, that is, the year after the beginning of the energy crisis in the West, the expenditures of the nonsocialist countries on imports of energy carriers had soared as compared with 1973 immediately by nearly threefold--from $59 billion to $163 billion, while the share of these expenditures in the total imports of the nonsocialist world has increased by nearly twofold--from 11 to 21 percent. For the CEMA countries, more precisely, for the European CEMA countries, with respect to which the United Nations cites data, the import bill for fuel, which is imported from other CEMA countries, increased negligibly during the same period--from $2.4 billion to $2.7 billion, which came to less than 5 percent of their total imports. Moreover, even this negligible increase was explained by the quantitative increase of fuel imports, the jump in world prices began to have an effect later and not immediately, but gradually--through the averaging of the new price with the lower prices of preceding years.

During 1979-1980 a new, approximately twofold increase of the prices for petroleum occurred on the world market. As a result the import bill for fuel of the nonsocialist countries almost doubled again and in 1980 came to $430 billion, or 24 percent of the total value of imports. For the CEMA countries the bill for energy carriers from the fraternal states, although having increased, did so by only one-fifth. If it had increased to the same extent as on the capitalist market, in 1980 it would have come to nearly $30 billion. In reality it came to $14.7 billion, or 10 percent of the value of their total imports.

For the nonsocialist countries the import bills for fuel jumped sharply with an almost constant amount of fuel being imported annually, and even with an appreciable decrease of petroleum imports since 1973. The import bills of the CEMA countries for fuel from the fraternal countries increased much more slowly than the fuel bills of the capitalist states, although the amount of imported fuel increased substantially. Thus, 3 years after the start of the energy crisis in the West, namely in 1976, the CEMA countries, for example, purchased from the Soviet Union 20 percent more petroleum and petroleum products and threefold more natural gas. While as a whole during the second half of the 1970's they purchased 40 percent more Soviet fuel than during the preceding 5-year period.

During the past 10 years on the world market the trend of the prices of not only fuel, but also many raw material goods has been upward. On the socialist market the foreign trade prices of all fuel and raw material goods increased more slowly and therefore from year to year remained lower than world prices. In particular, among the CEMA countries Bulgarian caustic soda and soda ash, Hungarian bauxites, Polish coal, Romanian petroleum products and calcium hypochlorite, Czechoslovak ores and metals were sold at lower prices than on the world capitalist market.

With Allowance Made for Objective Laws

If you approach the problem of pricing superficially, when comparing the prices of the world capitalist and socialist markets the impression may arise that in trade between the CEMA countries some of them "pay too much," while others "pay too little" for the same commodity. Thus, given the higher world prices for petroleum and coal the impression was formed that, while supplying these types of fuel to the CEMA countries at lower prices, the Soviet Union and Poland as fuel exporters "did not receive enough" from their partners, while they "did not pay enough" for it. Now, when on the world market the prices of petroleum and coal have decreased, while on the socialist market such a decrease will be reflected only for the next year in the new average 5-year price, it may seem that the CEMA countries, which are purchasers of Soviet petroleum and Polish coal, are now "paying too much" for fuel as compared with the prices of the world market.

This superficial impression about pricing in CEMA is constantly being used by the enemies of socialism for slandering the foreign economic relations of the countries of our community. In particular, since the decrease of world petroleum prices will not apply immediately to Soviet petroleum which is purchased by the CEMA countries, bourgeois propaganda is beginning to inflate the conjecture that the USSR is "fleecing" its partners.

But this is no more than a conjecture. For in the long-range plan the commercial interests of the socialist foreign trade partners, which are connected not only with fuel, but also with other goods, are equalized on the basis of the consideration of the objectively caused structural changes in the world economy.

No matter how more subtle the enemies of socialism become, the pricing system existing in CEMA is firmly guaranteeing the mutual interests of all the members, is reliably protecting their national economy from the spontaneous surges and collapses of prices on the capitalist market and is one of the important conditions of the progressive development of the economy of the fraternal countries.

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FOREIGN CURRENCY RATE CHANGES AS OF 16 DECEMBER PRESENTED

Moscow EKONOMICHESKAYA GAZETA in Russian No 52, Dec 83 p 24

[Article by Ye. Zolotarenko: "Bulletin of Exchange Rates of Foreign Currencies as of 16 December 1983"]

[Excerpt]

Name of Currency	Exchange Rate in Rubles
Australian dollar per 100	71.38
Austrian schilling per 100	4.09
Albanian leks per 100	11.94
Dinars of the Democratic and Popular Republic of Algeria per 100	16.15
British pounds sterling per 100	112.70
Argentine pesos per 100	3.80
Afghan afghanis per 100	1.55
Belgian francs per 1,000	14.14
Burmese kyats per 100	10.25
Bulgarian levs per 100	105.26
Hungarian forints per 100	5.88
Dongs of the Socialist Republic of Vietnam per 100	10.47
Ghanaian cedis per 100	2.65
Guinea syli per 100	3.29
Marks of the GDR per 100	13.25
Deutsche Marks of the FRG per 100	28.73
Dutch guilders per 100	25.60
Greek drachmas per 1,000	8.08
Danish krones per 100	7.93
Egyptian pounds each	1.14
Indian rupees per 100	7.46
Indonesian rupiahs per 1,000	0.78
Iraqi dinars each	2.56
Iranian rials per 100	0.90
Icelandic kronas per 100	2.77
Spanish pesetas per 1,000	5.01
Italian lira per 10,000	4.76
Dinars of the People's Democratic Republic of Yemen each	2.30
Rials of the Yemen Arab Republic per 100	16.92
Canadian dollars per 100	63.51

Name of Currency	Exchange Rate in Rubles
Yuans of the People's Republic of China per 100	38.98
Wons of the Democratic People's Republic of Korea per 100	69.44
Cuban pesos per 100	90.00
Kuwaiti dinars each	2.71
Lebanese pounds per 100	14.81
Libyan dinars each	2.68
Malaysian ringgits per 100	33.92
Mali francs per 1,000	0.94
Moroccan dirhams per 100	9.72
Mexican pesos per 1,000	4.91
Mongolian tugriks per 100	23.92
Nepalese rupees per 100	5.34
New Zealand dollars per 100	51.15
Norwegian krones per 100	10.19
Pakistani rupees per 100	5.93
Polish zloty per 100	2.31
Portuguese escudos per 1,000	6.04
Romanian leus per 100	12.05
Singapore dollars per 100	37.22
Syrian pounds per 100	20.24
Somali shillings per 100	5.05
U.S. dollars per 100	79.25
Sudanese pounds per 100	58.77
Tunisian dinars each	1.12
Turkish lira per 1,000	3.01
Uruguayan pesos per 100	1.84
Finnish markkas per 100	13.53
French francs per 100	9.41
Czechoslovak korunas per 100	10.00
Swedish kronas per 100	9.81
Swiss francs per 100	35.86
Sri Lanka rupees per 100	3.14
Ethiopian birrs per 100	37.80
Yugoslav dinars per 1,000	6.41
Japanese yen per 1,000	3.37

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